BUILDING BRANDS, NETWORKS AND PARTNERSHIPS

SLEEMAN BREWERIES LTD. - 2001 ANNUAL REPORT

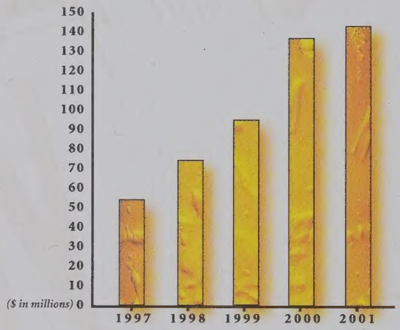
The traditional copper brewhouse in Guelph.

FINANCIAL HIGHLIGHTS

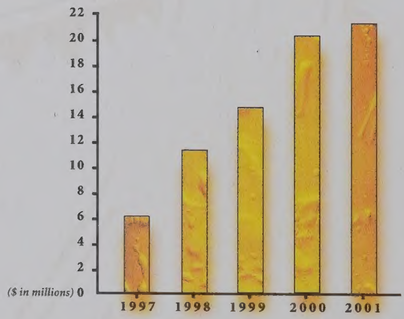
(in thousands of dollars except volumes and per share amounts)

	2001	2000	% change
Total volume (HL)	1,029,000	998,000	3
Net revenue	143,637	134,439	7
Operating profit (EBIT)	21,366	20,092	6
Net income	9,766	8,969	9
Earnings per share (fully diluted)	.63	.58	9
Shareholders equity	73,088	62,554	17

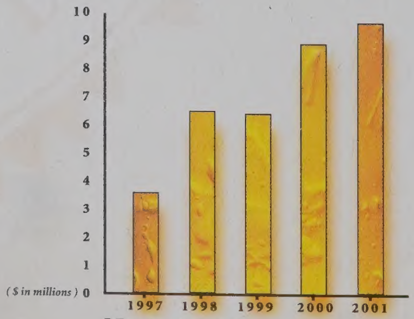
Includes total Sleeman Breweries sales volumes (including core & agency brand volumes)
Note: Sleeman's financial performance is often stated in terms of sales volume, expressed in hectolitres of beer (HL)
A hectolitre is approximately 12.2 cases of 24 bottles



NET REVENUE *($ in millions)*



OPERATING PROFIT EBIT *($ in millions)*



NET INCOME *($ in millions)*

COMPETITIVE STRENGTHS

- Third largest brewer in Canada with nationwide production facilities, sales and marketing staff, and distribution infrastructure
- Focused on the two fastest growing segments of Canadian beer consumption - value and premium
- International strategic partnership experience
- Quality products with recognized brand names and a mix of national, regional and imported brands
- Exceptional, entrepreneurial management team focused on delivering superior growth

GROWTH STRATEGY

- Expand national marketing programs to support core brands
- Improve sales, broaden distribution and increase shelf space for core and agency brands
- Continue market development initiatives in the U.S.
- Evaluate acquisition opportunities as they arise
- Focus on cost control and deploy cash flow to high internal ROI investments or debt reduction
- Pursue new opportunities to produce and market foreign brands

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1874 - The Maple Leaf Baseball Club become World Champions in Watertown, New York.

CORPORATE OVERVIEW

Sleeman Breweries Ltd. is Canada's leading brewer and distributor of premium beer and the third-largest brewing company nationwide. The company's outstanding regional brands, world-class imported products and nationally popular Sleeman and Stroh brands are now available in both take-home and on-premise formats in every province. Sleeman is also available in selected U.S. markets. The company operates a national logistics and distribution platform to deliver beer from facilities in Halifax, Nova Scotia; Boucherville, Quebec; Guelph, Ontario; Calgary, Alberta and Vernon, British Columbia.

1834 - John H. Sleeman established himself as a Brewer and Maltster in Canada.

OPERATIONAL HIGHLIGHTS

- Signed agreement to represent Strongbow, a premium packaged and draft alcohol cider produced by H.P. Bulmer Ltd. of Hereford, England
- Signed agreement for Canadian sales, marketing and distribution of Pilsner Urquell, a 150-year-old premium brand owned by South African Breweries PLC
- Acquired Northern Goose Brewing Company Inc., which has distributed Sleeman beer in Quebec since 1994
- Leased new production facilities in Wisconsin
- Signed multi-state distribution agreement with City Brewing in Wisconsin for upper Midwest Sleeman distribution in the U.S.
- Launched new packaging for Sleeman, Okanagan Spring and Shaftebury brands
- Completed new canning line, packaging facilities and warehouse at the Guelph brewery
- Commenced production of new 5% alcohol version of Old Milwaukee at the Halifax brewery
- Commenced bottle production of Sleeman Cream Ale and Honey Brown Lager at the Vernon brewery
- Consolidated Stroh production (85%) in Canada at the Guelph and Vernon breweries
- Expanded U.S. distribution to Massachusetts, Minnesota, Rhode Island, Connecticut, Wisconsin and Vermont

STOCK PERFORMANCE CHART

1867 - John H.'s son George becomes a partner and manages the brewing business.

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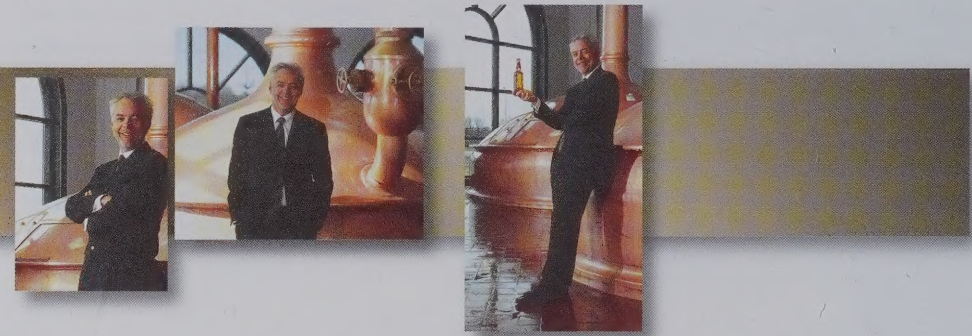
MESSAGE TO SHAREHOLDERS



2001 was a year of continued growth for Sleeman Breweries. We delivered strong returns to shareholders in all key measures despite the challenges the company faced with the loss of its U.S. beer supplier and with the difficult market conditions resulting from September 11th. Sleeman achieved a 7% increase in revenues and a 9% gain in net income - for yet another year of record results. Sleeman also accelerated its long-term debt repayment program, including an optional lump sum payment of $10 million in the fourth quarter, which reduced our long-term debt to equity ratio to approximately 1:1.

These achievements have been recognized by the financial community; Sleeman's share price rose 47% during the year, significantly outperforming the Consumer Products Index on the Toronto Stock Exchange.

With 2001 behind us, we enter the new fiscal year strongly positioned as a leading national brewer of quality premium and value priced beer. The Company's distribution platform is now matched by only the largest Canadian brewers. The company's financial position is significantly improved and most importantly, we have a seasoned management team.

We believe our unique product mix positions Sleeman for continued success. Our strategy of building strong regional brands with a commitment to quality, efficiency and service reduces the risk of dependency on any one brand and smoothes the road to value creation. In addition, shareholders also benefit from the diversity of our value price brands, which helps insulate the Company from the various economic cycles.

FOCUS ON MARKETING

Marketing is an important cornerstone for any beer company and Sleeman is committed to providing each of its brands with the appropriate support. In 2001, we redesigned the packaging for our Sleeman, Okanagan Spring and Shaftebury brands with the aim of reinvigorating interest. This trend will continue in 2002 as we roll out new packaging for the Stroh brands and introduce additional new and innovative products.

We will also be stepping up the support for our brands with exciting new advertising programs in print, radio and TV. We are determined to ensure that our brands are featured prominently and are prepared to back this up with the appropriate budget to achieve success.

1984 - John W. Sleeman receives the Sleeman family recipe book from his aunt.

FORGING INTERNATIONAL LINKS

During 2001 we signed marketing and distribution agreements with South African Breweries PLC for its flagship Pilsner Urquell brand and with H.P. Bulmer Ltd. of England for Strongbow, a premium cider beverage. Forging strong ties with international beverage alcohol companies to market and distribute their products in Canada remains a key component of our Company's growth strategy. One of the reasons that Sleeman was awarded mandates by these large international firms is because of our distribution and sales networks, which now reach across Canada.

OPPORTUNITIES AHEAD

Our Company is now recognized as a partner of choice by foreign beverage alcohol companies and our reputation is opening doors for more of these agreements. In addition, it paves the way to future reciprocal arrangements that would see these international partners distribute and sell core Sleeman products in their home markets.

Another key growth opportunity for Sleeman will be to become a source of production for foreign brewers seeking to enter the North American market. We have the ability to increase production at the Guelph, Vernon and Halifax breweries to facilitate these initiatives. A number of large foreign brewers have expressed an interest in pursuing such arrangements with Sleeman. We will work with these parties with the goal of concluding one or more mutually beneficial long-term agreements. We remain vigilant for the right opportunity. We expect EBITDA from the international relationships to grow substantially over the next three years.

"Sleeman Breweries aims to be one of the fastest growing, most successful and innovative international beverage alcohol companies in the world."

The trend toward consolidation continues in the global beer industry, and we believe Canada will be no exception. Sleeman remains well positioned to take advantage of acquisition opportunities as they arise. With each possibility, we weigh whether the acquisition will increase penetration of our core target markets, accelerate growth and add to earnings without increasing debt beyond acceptable limits.

We also remain committed to expanding Sleeman's U.S. presence where there is an opportunity to gain market share. To date, most efforts have been focused in the New England region. We have also begun to export products into the Minneapolis market by taking advantage of a new relationship formed with City Brewing.

OUR THANKS

I would like to take this opportunity to acknowledge the contribution of Doug Berchtold, former President and Chief Operating Officer of Sleeman. After several years of dedicated work for our company, Doug decided to depart to pursue other opportunities. On behalf of all shareholders, I would like to thank Doug for the tremendous contribution he has made to Sleeman. He will be missed and I wish him good fortune.

As always, our management team will work to build upon our past successes to achieve our long-term goals. Leaders tend to be winners in almost any economic environment in which they operate. We are confident that Sleeman will continue to prosper and generate substantial returns for our shareholders. On behalf of the Board of Directors, I would like to thank our employees for all their hard work and our shareholders for their faith in the company and its future.

As always, I remain,
Yours sincerely,

John Sleeman
Chairman & CEO

1985 - John W. Sleeman, great-great grandson of John H. Sleeman, re-incorporates The Sleeman Brewing & Malting Co. Ltd.

HIGH QUALITY PRODUCTS

"Our new Quality Assurance Plan is already taking shape, beginning with an audit, both theoretical and physical, of all production, distribution and customer service processes. Following the audit, we will develop a quality system customized to our corporate culture, our people, our technology and our processes.
The fundamental difference between our old system and the new one we are implementing is that we are putting the responsibility for quality in the hands of the people who know the most about our products and processes - our knowledgeable, experienced operators. They are the ones closest to the product and thus the logical frontline champions of quality."
- Doan Bellman,
Vice President, Technical

From Day One, the Sleeman tradition focused on quality. Our products stand among the best in the world because of that tradition. Every brand has specifications and standards against which each new batch is measured. But, whether it's the liquid in the bottle, the label on the bottle, or the package the bottle goes into, at every stage of production and distribution there are checks and balances. These quality control programs have been in place at Sleeman for years and they remain a cornerstone of our success.

As the company has grown from a network of regional craft brewers to the third largest brewer in Canada, our quality system demands have changed. Sleeman is now a national brewery; we produce products from coast to coast. With production and distribution expansion has come the need for a national quality program that will deliver excellence and consistency across brand portfolios and across the country. Such a program will make Sleeman even more attractive to potential international brewing partners.

Quality is not just a production goal however. Sleeman is committed to making quality an integral part of its marketing program. The marketing group has been mandated to build and sustain Sleeman as a brand representing integrity, honesty and quality.

1988 - Sleeman Cream Ale is once again available in Ontario.

SUPERIOR GROWTH

It's an exciting time in the Canadian beer industry - especially for Sleeman, whose brand portfolio focuses on the growing segments of the Canadian beer market - premium and value.

The premium beer category in Canada is exhibiting double-digit growth and the Sleeman portfolio of brands is aggressively focused on the premium beer consumer. One factor identified in industry surveys as driving growth in the premium market is a shift by younger drinkers to premium brands, both domestic and imported. To attract this audience, a new look for the Sleeman package was introduced in some markets at the end of 2001, and will be marketed across Canada during 2002. The new look reinforces a younger, more sociable, more drinkable image for Sleeman. It is part of a larger campaign to position our premium brands with a new, younger target group, aged 25 and up. At the same time, the new packaging and marketing was carefully pre-launch tested to ensure it did not alienate our traditional drinkers.

In the value end of the market, Stroh encountered renewed competition in a number of markets, most notably Alberta and Ontario. Though sales growth was less than hoped for, we did make considerable progress in consolidating Sleeman's Stroh production in Canada. Following the sudden closure of our U.S. supplier in the third quarter, we significantly increased our Stroh production in Vernon and Guelph. Currently, about 85% of our Stroh products are now brewed in Canada, with the balance coming from a leased facility in Lacrosse, Wisconsin.

"This year's marketing plan has many exciting initiatives. You're going to see new cartons and packaging formats. You're going to see us generating excitement with in-bar activities, promotions and fresh point-of-sale displays. You're going to see some major advertising dollars spent that will position our brands front and centre and drive sales."

- Paul Brennan,
Director of Marketing,
Eastern Canada

Our two largest competitors continue to battle for domination of the mainstream beer category. Combined, these two producers control approximately 90% of the Canadian beer market. Sleeman's share is half of the remaining 10% and by 2004 we expect our market share will have expanded to 6%. Currently our business is growing substantially in the West, Quebec and the Maritimes. Ontario remains a challenge, but we are convinced our marketing initiatives in 2002 will return our Ontario premium business to growth. Our U.S. business, though small by comparison, is also expanding rapidly.

1989 - Sleeman Silver Creek Lager is re-introduced to Ontario.

SUPERIOR GROWTH

WESTERN CANADA

Merchandising at the retail level is a key component of the marketing mix in Western Canada. In British Columbia and Alberta, the brands are displayed on the floor so that consumers come face to face with product when choosing their beer. Thus packaging is of critical importance. In 2001, both Okanagan Spring and Shaftebury packaging received a design upgrade supported by a renewed advertising campaign - weighted heavily to outdoor and print to communicate the design changes. The ads were well received and the sales growth speaks for itself.

"Across the board, Western Canada experienced strong sales growth, with the Sleeman brand experiencing a dramatic, double-digit increase."
- Rick Knudson, Managing Director, Western Canada

QUEBEC

After a couple of difficult years of declining sales in Quebec due to predatory competition and the introduction of new competing brands, our dedicated sales and marketing team turned that decline around - a huge accomplishment. A great part of that turnaround was due to improved brand positions that benefited from an award-winning TV and outdoor advertising campaign that cut through the clutter of competing brands and got people talking about Sleeman.

The second component of the sales turnaround was the aggressive work of our new sales group - 60 people who cover our off-premise and on-premise clients in the unique Quebec market. They not only expanded the client coverage, but also significantly increased the number of face to face meetings with existing clients, particularly in the high-density areas of Quebec City and Montreal. This effort led directly to increased point-of-sale visibility and increased sales volumes.

"Our extensive summer campaign was very creative, innovative, and to the point. We conducted post research, and on appreciation, recall comprehensive and brand attribution, we scored over the industry norms. The campaign was the talk of the town here and it gave us a wider visibility and drove sales results."
- Guy J. Letourneau, Managing Director, Quebec

1996 - Sleeman Brewing & Malting Co. Ltd. & Allied Strategies Inc., parent company for Okanagan Spring, announce stock merger.

MARITIMES

In the Maritimes, our local team introduced two new value brands, Old Milwaukee and Lone Star. Both were produced out of the Halifax brewery, and that became one of the selling points for Old Milwaukee - it was locally made. The marketing launch also stressed its new, enhanced flavour and regular strength, 5% alcohol content - better suited to Canadian drinkers. Radio ads aimed directly at consumers and display programs at the provincial liquor commission stores ensured that both brands were adeptly launched and well received. Since the value category is not yet highly developed in the Maritimes, there is strong sales potential in Eastern Canada.

Premium brands are also in their infancy in the East. Last year we experienced 40% growth in the premium category and we look to that growth rate continuing.

"In the short term, we're working to put more production into the Maritime facility to maximize our capital investment. Already we've signed several agreements for contract production that will utilize some of our excess capacity. Within the next 18 months, we plan on producing 40,000 hectolitres at this brewery."

- Peter Amirault,
Managing Director,
Eastern Canada

ONTARIO

"I don't mind admitting that I'm disappointed with our Ontario results. The competitive activity in Ontario was very strong and we didn't do the job we should have in countering it. One of the things we learned was that you cannot take your core brand in your core market for granted. We didn't spend enough on marketing and that, along with the September market downturn, hurt us. Our goal for Ontario in 2002 is to get our domestic premium business - the Sleeman and Upper Canada brands - growing again. In the long-term we're looking for a return to high, single-digit growth."

- John Sleeman,
Chairman & CEO

For 2002, you're going to see some pretty aggressive moves in Ontario on the value side - innovative packaging, consumer promotions, guerrilla marketing. The value business in Ontario is growing and we are heavily involved.

On the domestic premium side, we have launched the new Sleeman packaging and will follow up with major media buys. Our brands continue to be viewed by consumers as a high quality product - the issue is sales and marketing. As we saw last year in Quebec, a concerted sales and marketing effort can turn volume trends around. This year we'll be taking a similar approach in Ontario. Our new sales director has already implemented an LCBO-focused sales team. The LCBO plays a major role in both premium and value brands.

TSE - ALE

1996 - Sleeman Breweries Ltd., goes public and is listed on the TSE under the trading symbol "ALE".

LEADING INTERNATIONAL BRANDS

2001 saw major progress in Sleeman's delivery of premium international brands to Canadian consumers. Two new agreements were signed. South African Breweries (SAB) signed a sales, marketing and distribution agreement with Sleeman for the historic Pilsner Urquell brand throughout Canada. This was followed late in the year by a similar agreement reached with England's H.P. Bulmer for representation by Sleeman of Strongbow premium packaged and draft cider. Both of these new products will enhance the Sleeman portfolio.

BECK'S

Beck's is Germany's largest export brewery and their beer brand, which is almost 130 years old, is enjoyed in approximately 120 countries worldwide. Two of Beck's premium brands, Beck's and Beck's Non-Alcoholic beer are distributed by Sleeman. 2001 saw these brands successfully rolled out in Western Canada, Ontario and Quebec.

BOSTON BEER COMPANY

The Samuel Adams brand has won awards around the world and traces its roots to Samuel Adams, an 18th century brew master and American patriot. Samuel Adams continues to be enjoyed by select consumers - particularly in Western Canada where it experienced double-digit growth in 2001.

SCOTTISH & NEWCASTLE

One of the world's largest brewing companies, Scotland's Scottish & Newcastle brands include Newcastle Brown Ale, McEwan's Scotch Ale, Younger's Tartan Special Ale and Beamish Genuine Irish Stout. Sleeman represents all of these brands in Western Canada through our Okanagan Spring Brewery.

SOUTH AFRICAN BREWERIES

The world's fourth largest brewer, SAB owns 43 breweries in 20 countries. In 1999, it purchased Pilsner Urquell, the world's first "golden beer", which originated in 1842 in Pilsen, Czech Republic. Pilsner Urquell is enjoyed in 50 countries and is represented by Sleeman across Canada.

1997 - Sleeman launches Honey Brown Lager, the Company's most successful product launch.

H.P. BULMER

H.P. Bulmer is the world's leading manufacturer of cider with plants in the United Kingdom, U.S.A., Australia, Belgium and New Zealand. Strongbow Cider is the world's best-selling dry English-style cider and is the leading imported cider brand in Canada. Already well established in Ontario's pub scene, Sleeman will be working to grow brand awareness of this unique product.

Sleeman's family of international brands continues to command market share across the country, despite strong competition. The growth and success of these imported brands is driven in part by the gains made in distribution. The ability to get the product in front of the consumer in the heavily dominated retail environment is critical and we continue to focus on distribution improvements that will drive volume opportunities. Over the next three years we are hoping to substantially grow the EBITDA contribution from this source of revenue.

Along with its existing international agreements, Sleeman continues to aggressively pursue other strategic alliances. With a national distribution network, and dedicated sales forces in Canada's largest beer markets, Ontario, Quebec, BC and Alberta, Sleeman is well positioned for new opportunities. Canada, which has a growing premium beer market that Sleeman helped to build, is an ideal market for premium imported products.

However, Sleeman's growth strategy is not just about selling imported beer in Canada. Many international brewers are looking to Sleeman as a logical partner with which to expand their North American presence and profitability. In addition to offering sales, marketing and distribution, Sleeman as Canada's third largest brewer, with production facilities across the country, offers foreign brewers a tremendous opportunity for the production of beer for sale throughout North America. We continue to build and improve the key strategic assets in sales, manufacturing and distribution that these partners are looking for. We are positioned to expand production capabilities to meet the demand of new distribution deals.

During discussions with possible international partners, Sleeman is also pursuing the possibility of reciprocal agreements to represent the Sleeman family of brands in foreign markets.

La brasserie Seigneuriale

1998 - Sleeman Breweries Ltd. purchases la Brasserie Seigneuriale Inc., Boucherville, Quebec.

AN INNOVATIVE TEAM

Sleeman is known both within the local communities it serves and within the beer industry as a "destination" employer. We have earned this reputation because of our commitment to entrepreneurship and empowerment. At Sleeman we encourage people to think "out of the box" and we reward them when they do - with promotions, professional development opportunities, internal and external training, career growth and enrichment. It is this work environment that attracts the best and the brightest, including key talent from other brewers.

We routinely study industry best practices, identifying new ways to look at problems, new ways to do things, new strategies for workplace safety and new policies for the treatment of employees. But anything we discover must be carefully analyzed and evaluated to ensure that it will integrate properly with the unique corporate culture that is Sleeman.

In 2002, we are undertaking a Retention Survey. We'll be asking our employees three key questions:

1. Why do you stay at Sleeman?
2. What keeps you motivated?
3. What can we do to better serve your needs?

This initiative will help us better understand the needs and aspirations of our employees and ensure that each and every one of them has opportunities at Sleeman that challenge them and allow them to grow within the Sleeman team.

"Why do people work at Sleeman? If you ask our employees, they will tell you that our company is a dynamic, thoughtful organization. The values that have been espoused in Sleeman's marketing over the last 13 years are the real, everyday values that Sleeman lives by - honesty, integrity, ethics and, above all, quality. People come to work at Sleeman because they know we promote excellence - in our products and in our people. Just ask the many employees who started with us when we first opened for business and have remained a loyal part of the organization ever since."

- John Sleeman, Chairman & CEO

1998 - Guelph brewhouse and storage facility expansion to 400,000 hl. is complete.

STRONG FINANCIALS

By any measure, Sleeman had a strong year of continued growth. Though challenged by the loss of our U.S. Stroh supplier, exceptionally strong competition in the Ontario premium market and the unexpected drop in on-premise sales during the third quarter, we managed to deliver a record year. We turned around our Quebec sales, delivered new packaging to many of our core brands and strengthened sales and distribution across the country.

At Sleeman we work hard to deliver a quality product that satisfies customer demands and financial results that satisfy shareholder expectations. We measure those expectations in five key areas:

VOLUME

Fiscal 2001 was a record year of sales for Sleeman. For the first time in our history we sold more than one million hectolitres of product. This represents a 3% increase in sales, mainly attributable to volume increases in Quebec, Western Canada and the Maritimes, which offset a marginal volume decline in Ontario. We expect to see volume increases in most of our core brands and core markets in 2002.

REVENUE

With record sales volume came a record year in net revenues. Revenues for fiscal 2001 were $143.6 million, an increase of 7% over the previous year. Though this increase was less than we had hoped for, it was none-the-less a solid performance in a challenging year. The increase was attributable in part to solid pricing and that trend is expected to continue in 2002.

MARGINS

We also reported an improvement in average gross margin per hectolitre. 2001 saw this margin increase to $72, compared to $68 in 2000. We expect total gross margins and average gross margins to increase further in 2002, due to ever improving production efficiencies and increased prices, volumes and agency brand fee income.

NET INCOME

The increase in revenue coupled with the increase in gross margins delivered a 9% increase in net earnings, which totalled $9.8 million. This resulted in EPS of $0.63 for fiscal 2001, up from $0.58 last year. Looking ahead, we anticipate delivering annual double-digit net income growth through to 2004.

LONG-TERM DEBT

Managing long-term debt level was another area of attention. In the fourth quarter of 2001, we used our operating bank loan facility to make an optional $10 million payment on our long-term debt. This resulted in a decrease of our long-term debt from $90 million at the end of fiscal 2000 to $80.3 million at the end of fiscal 2001. Our long-term goal has been to achieve a debt-to-equity ratio of 1:1 and that's close to where we ended the year. We believe that this is a prudent debt level, allowing our Company to use leverage to maximize shareholder returns. In fact, in 2001, we rescheduled our required long-term debt repayments for the next 2 years to permit ourselves the flexibility of maintaining this ratio if we choose.

1999 - Sleeman completes the acquisition of the Shaftbury Brewing Company in BC, with this move the company gained a brewing facility in Calgary, AB.

SPECIALIZED DISTRIBUTION PLATFORM

One of Sleeman's stated objectives has been to own or control distribution in its four main markets - Ontario, Quebec, British Columbia and Alberta. This is key to our growth strategy. Our specialized logistics system provides us with a distribution network that not only serves our existing client base but also makes us an attractive North American partner for international beverage alcohol partners.

Ontario continues to supply the LCBO and Brewers Retail through its own network of Sleeman trucks and drivers. Ontario also serves as the supply hub for delivery of Ontario-produced product to both the Western and Eastern provinces. A new 50,000 square-foot warehouse in Guelph services this demand.

In Alberta we've been very successful at partnering with a distribution/logistics company that, in terms of the delivery of beer, is exclusive to us. They've been with Sleeman from our start in Alberta and with them we have control over the distribution of our domestic products.

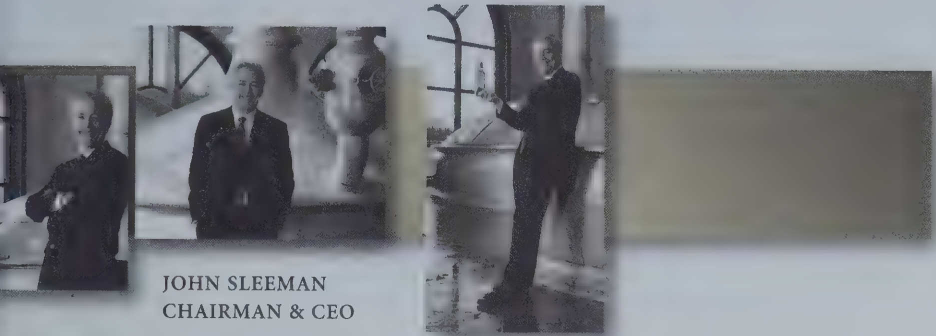
In BC, we've made significant distribution gains over the last year, particularly with the Sleeman brand, and our distribution penetration in BC is now 80%. As the brands grow, we're able to get them into more of the government-owned and operated LDB stores and also the independent licensed retail stores (LRS). Both types of stores are serviced by our own delivery trucks and drivers, and are supplied from our warehouse facilities in Vernon, Vancouver and Victoria. This gives us a heightened level of customer service, for which we are recognized.

With this year's purchase of Northern Goose Brewing, Sleeman now owns its principal distribution platform in Quebec, a strategic initiative that allows us to provide high-quality service to our clients. Northern Goose is the core of a complex, store-door distribution system linking our eight warehouses to our customer base by way of the 25 trucks we use to cover the province. It gives us clout, competitiveness and growth opportunities. It also makes us strategically attractive to international brewing partners. In the meantime, we are leveraging our investment, and increasing its operational efficiencies by negotiating to put companion products, both beverage alcohol and other, on the trucks for third parties. This is a strategy that will bring in additional revenue and increase our bottom line.

In addition to our physical distribution chain, Sleeman is currently upgrading its internal information system. This $2.5 million initiative will provide Sleeman with a state-of-the-art, integrated order entry, distribution tracking and invoicing system. Web-enabled and customer friendly, the new system will automate a number of current paper processes and eventually allow customers to place orders and track their shipments and invoicing through the Internet. The multi-year project is focused on improving customer service and facilitating information flow, thus improving Sleeman's capacity for future growth.

2000 - Steam brewing comes to Sleeman by installing the open fermentation tank.

EXECUTIVE ROUNDTABLE DISCUSSION



JOHN SLEEMAN
CHAIRMAN & CEO

What are the major challenges for the coming year?

We need to continue to manage our growth. In some markets we're experiencing a double-digit increase in sales, which brings with it requirements for production capacity. It's a balancing act - when do we build the production capacity? If we learned anything from the U.S. Stroh production problems last summer, it was that we don't want to be dependent on outside brewers for product supply. So we'll continue to work on Canadian acquisitions, looking for regional brewers in key markets that complement our brand portfolio, supply us with opportunities to expand our production capacity and represent compelling value.

At the same time that we manage our internal growth, we are seeking further international strategic alliances. Last year we signed deals with South African Brewers for Pilsner Urquell and H.P. Bulmers for Strongbow Cider. Both these companies recognized the strengths Sleeman has in terms of its marketing and distribution networks. As we make acquisitions and build our production capacity, international brewers looking for entry into the growing North American import market can partner with Sleeman for production, as well as distribution and sales.

Given the pace of consolidation sweeping the international beer industry, realistically how many foreign partners are left?

There are a remarkably large number of breweries throughout the world and while globalization in the beer industry is finally occurring, the Top 10 brewers in the world still represent only 50% of worldwide production. Based on inquiries we've received, many of those that are still non-aligned are aggressively updating their North American beer strategies.

Why did the events of September 11 and the aftermath seem to affect Sleeman more than your competitors?

The big issue was that a significant share of our customer base, especially for premium brands, stayed at home. They stopped travelling for business. Locally they stayed out of the pubs and restaurants. The result was that our on-premise results were down 30% in the first two weeks. There was some take-home improvement, but it was marginal. We shipped less beer and it was immediate - literally the number of shipments dropped the day after. Our competitors, with different portfolios of mainstream brands, experienced noticeable declines, but not as extreme as ours. So, because we are a premium brewer and a large portion of premium sales are on-premise, we were disproportionately affected.

2000 - Sleeman completes an agreement to represent Scottish & Newcastle brands in Western Canada.

PAUL BRENNAN
DIRECTOR OF MARKETING, EASTERN CANADA

How can you compete with the massive marketing budgets of the majors?

It is the commitment to the brand not the size of the brewery that counts. The success of Sleeman Breweries Ltd. has been the concentration on share of segments rather than total market share. This focus limits the competitive set and positions our brands as segment leaders. A brewery's "massive marketing budget" is only relevantly leveraged against the consumer when it is sub-divided into specific brand advertising and support budgets. At Sleeman, there is a focus of energy and resources behind the core franchises. This means that while Sleeman's total investment is less than that of a larger brewery, the spending on the Sleeman brand is in line with its important competitors.

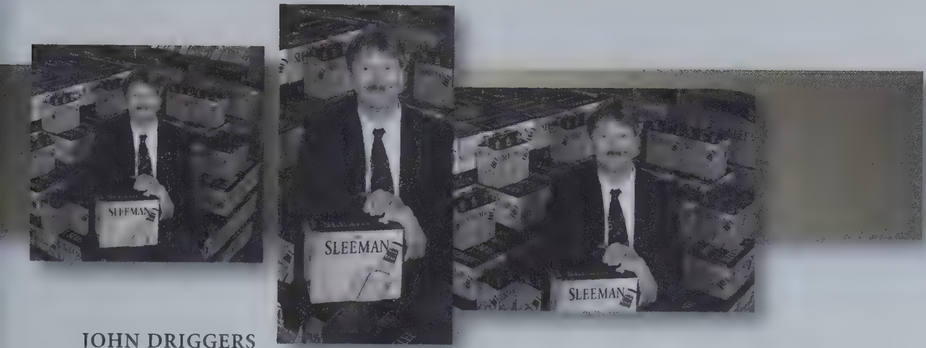
PETER AMIRAULT
MANAGING DIRECTOR, EASTERN CANADA

What kind of things are you doing to turn around Ontario sales?

One of the things we've done in Ontario is develop our own sales force that is solely focused on the LCBO channel, because we see a great deal of opportunity there for both our premium and value brands. For instance, half of the Old Milwaukee business in this province comes from the LCBO. So we want to grow distribution there and do a better job of managing that channel.

We've also launched the new, bolder packaging for Sleeman. We have new advertising coming this year aimed at a younger target audience. We've got the new LCBO sales team. We've got increased marketing spending - almost double what we spent last year. We're pulling all the levers - new packaging, a new additional specialized sales team, new advertising and a bigger media budget. The only thing we're not changing is the bottle and the product inside it.

2000 - Sleeman Breweries Ltd. purchases the Maritime beer Company, Halifax, Nova Scotia.



JOHN DRIGGERS
MANAGING DIRECTOR, US EXPORT

What will Sleeman do to improve its penetration in the United States in the coming year?

Our strategy in the U.S. is to move forward in a measured and prudent way. Presently, Sleeman has two spheres of influence in the U.S.: our introductory market of New England, and our association with City Brewing in the upper Midwest. In New England, we have fostered strong relationships with our distributors, and have fielded an employee team, working with and complementing the effort of our distributors. In early 2002, we will be in all of New England: Massachusetts, Connecticut, Vermont, New Hampshire and Rhode Island. In the upper Midwest, in concert with City Brewing, we expect to penetrate all of Minnesota, Wisconsin, Iowa and the northern portions of Illinois and Indiana by the end of 2002. We are already experiencing strong results from the Minneapolis market.

In addition to these two geographies, Sleeman continues to pursue market expansion through other key alliances. Presently, Sleeman is well underway in forging a potential alliance with an existing U.S. entity, possessing an established sales and distribution network in the U.S. It is the Company's expectation, that this relationship will be formalized in 2002, thus providing an additional platform for U.S. market penetration.

DAN ROGOZYNSKI
V.P. FINANCE & ADMINISTRATION

Do you have any legal recourse over the sudden loss of your U.S. supplier of Stroh?

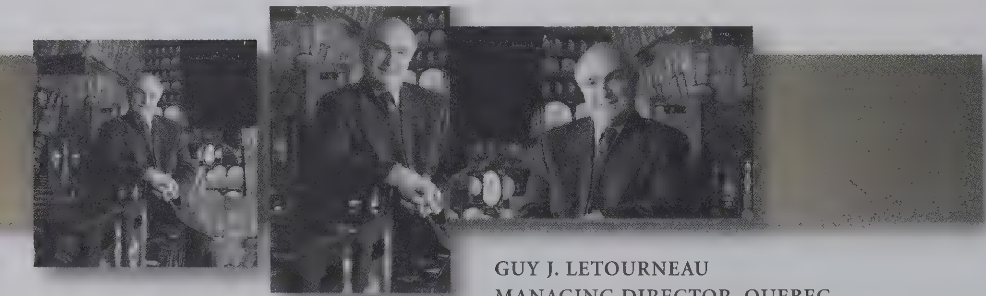
Pabst breached our production agreement and we're now pursuing arbitration with them. Thankfully, Doug Berchtold made the call last January, 2001 that Pabst was in financial difficulty and so we accelerated installation of the new Guelph canning line. When we received word of the closing, we were able to minimize the damage by moving most of that lost production capacity to Vernon and Guelph. We did drop some volume and spent some extra money in legal fees, so it did hurt us. But going forward, we will control more of our production.

2001 - Sleeman launches Sleeman Lager, brewed specifically for the American market.

RICK KNUDSON
MANAGING DIRECTOR, WESTERN CANADA

I haven't heard anything about Saskatchewan and Manitoba. What is Sleeman doing in those markets?

2001 was actually a watershed year for us in these markets. We completed the integration of our own sales force in both Saskatchewan and Manitoba - prior to that we were using an agent. Now we have our own sales people, Sleeman employees, located in both provinces. As a result, we've had significant increase in our sales level and distribution growth in both those markets. Though they are still small markets in terms of absolute population and beer sales, there is good potential there for penetration and growth.



GUY J. LETOURNEAU
MANAGING DIRECTOR, QUEBEC

What's holding up production expansion in Quebec?

We made a corporate decision to concentrate on our sales and distribution networks first. With the purchase of Northern Goose, we now own our Quebec distribution network. We also expanded our sales and marketing force. 2001 was the first complete year of having a Sleeman sales force in place and it worked. After two consecutive years of declining sales, we not only stopped the decline, but turned it around. That being accomplished, indications are that we will need a production plant in Quebec in the future. We are pursuing two avenues - either acquiring an existing business or building at a greenfield site. We are committed to the Quebec operation - it is a key market for both our own brands and for the brands of existing and potential international partners.

2001 - Sleeman invests in a canning production line in Guelph.

2001 MANAGEMENT DISCUSSION AND ANALYSIS

The following comments provide a review of the activities, results of operations and financial condition of Sleeman Breweries Ltd. for the twelve months ended December 29, 2001 in comparison with the twelve months ended December 30, 2000. These comments should be read in conjunction with the consolidated financial statements and accompanying notes. Unless otherwise noted, all amounts included herein are expressed in Canadian dollars.

DESCRIPTION OF BUSINESS

The Company markets, sells, produces and distributes bottled, canned and draft premium beer under the Sleeman, Upper Canada, Seigneuriale, Okanagan Spring, Shaftebury and Maritime Brewery brand names. In addition, the Company imports, produces, distributes, markets and sells "value beer" brands under the Old Milwaukee, Rainier, Colt 45, Stroh, Pabst, Schlitz, Bull Max, Olympia, Lone Star and Big Bear brand names (the "former Stroh brands"). The Company's products are primarily sold in the four largest beer markets in Canada: Ontario, Quebec, British Columbia and Alberta, though these products are available in all Canadian provinces. The Upper Canada, Seigneuriale, Shaftebury, Maritime Brewery and Okanagan Springs brands are regional premium brands. Upper Canada is sold in Ontario, Seigneuriale is sold in Quebec, Maritime Brewery brands are sold in the Maritime provinces and Okanagan Springs and Shaftebury are sold in British Columbia, Alberta, Saskatchewan and Manitoba.

In addition to its production, the Company imports, markets and distributes internationally known premium brands including: Beck's, Scottish & Newcastle, Samuel Adams, Pilsner Urquell and Strongbow (alcohol cider).

In Quebec and British Columbia, the Company distributes its products through wholly owned distribution companies. In Ontario, distribution occurs through The Beer Store and the Liquor Control Board of Ontario (LCBO). In the provinces of Alberta, Manitoba and Saskatchewan, the Company relies on outside agents to make local distribution arrangements. In the Maritime provinces, local liquor boards distribute and retail our products.

REVIEW OF OPERATIONS 2001/2000

Sales volume is reported on a hectolitre basis. One hectolitre is approximately 12.2 cases of 24 bottles.

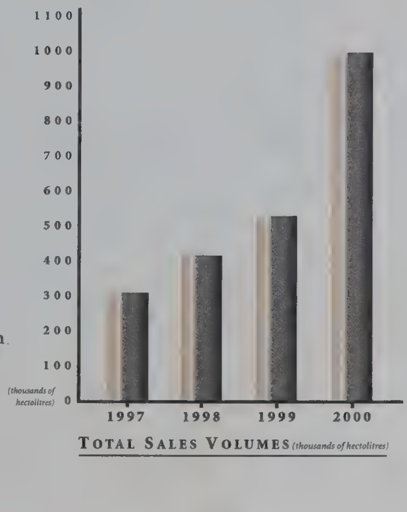
Net revenue, costs of goods sold and selling, general and administrative costs for 2000 have been reclassified to conform to the financial statement presentation adopted in the current period.

Total sales volume of the Company's core and agency brands increased by 3% from 998,000 hectolitres in fiscal 2000 to 1,029,000 hectolitres in fiscal 2001. The 2000 figure is a proforma volume figure, which has been adjusted for the effects of new agency brands sold in 2001 and not sold in 2000 and for the fact that there were 53 weeks in fiscal 2000 compared to 52 weeks in fiscal 2001. Core volumes reported in 2000 were 943,000 hectolitres or, adjusted on a 52-week proforma basis, 925,000 hectolitres. Core volumes for 2001 were 2% higher than this proforma figure at 945,000 hectolitres. Agency brand volumes for 2001 were 84,000 hectolitres representing a 15% increase over the 73,000 hectolitres the Company would have reported in 2000 for these brands had the Company sold all of these brands in 2000.

In Eastern Canada, core volumes were 3,000 hectolitres higher than the proforma volume total for 2000. Volume increases in Quebec and the Maritimes offset volume decreases in Ontario, where the Company faced intense competition throughout the year in the premium beer market.

In Western Canada, core volumes increased by 11,000 as the Sleeman brand continues to grow at very strong rates in all Western Canadian provinces.

Net revenues of $143.6 million for the year ended 2001 were up 7% over net revenues of $134.4 million in fiscal 2000. 6% of the increase resulted from the increased prices the Company received on the sale of its core brands throughout Canada in 2001. The remaining 1% increase in net revenues resulted from the higher agency brand representation fees the Company received in the year.



TOTAL SALES VOLUMES *(thousands of hectolitres)*

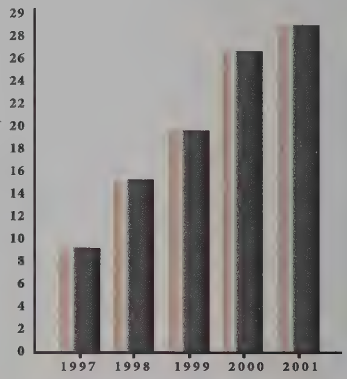
Looking ahead, the Company expects net revenues to increase in 2002 due to increases in volumes for most of its core brands in most of its markets. Net revenue will likely benefit further from favourable price trends in all of the Company's major markets and higher revenues from the various premium agency representation agreements now in place. The Company is in discussions with other international beverage alcohol brand owners on possibly becoming those companies' agent in Canada. Fees from such representation agreements would add further to the revenue growth expected for 2002.

Costs of goods sold were $75.9 million in 2001 compared to $70.1 million in 2000. The increase of $5.8 million (8%) is primarily the result of higher U.S. Dollar exchange costs for Stroh products imported from the U.S. in the year ($2.4 million), higher costs for products previously made by the U.S. contract brewer who closed its operations unexpectedly during 2001 ($1.5 million) and general cost inflation.

Average gross margin per hectolitre was $72 compared to $68 in 2000 as favourable pricing for the Company's products more than offset the effects of the higher costs for U.S. sourced products and general production cost inflation. For 2002, the Company expects total gross margin and average gross margins per hectolitre to both increase due to continuing favourable pricing trends in all major markets, higher sales volumes, and increased agency brand fee income. The Company expects its average per hectolitre production costs in 2002 to increase by no more than the rate of inflation in producer prices.

Selling, general and administration expenses for fiscal 2001 increased to $39.2 million from $37.9 million. $0.6 million of this increase resulted from the fact that a gain on the sale of fixed assets in this amount reduced the total in 2000 while no such gain occurred in 2001. The remainder of the increase resulted from general inflationary cost increases.

EBITDA rose to $28.5 compared to $26.5 million in 2000 with average EBITDA per hectolitre increasing to $30 from $28 in 2000. The Company expects total EBITDA to increase in 2002 due to expected volume increases in both Eastern and Western Canada, favourable pricing environments in all major markets and further efficiency gains in the company's plants resulting from the continued integration of the former Stroh brands. The resulting increase in EBITDA will be partially offset by the Company's increased investment in sales and marketing activities planned for 2002.



EBITDA *(millions of dollars)*

Depreciation and amortization increased to $7.1 million from $6.4 million last year. This increase resulted from the depreciation of the significant capital property additions made by the Company in its 2000 and 2001 fiscal years. The Company will adopt the new accounting standard for goodwill amortization in 2002. This change in accounting policy will result in a decrease in the Company's amortization expense in 2002 of approximately $2.7 million.

Interest expense decreased to $6.5 million from $6.8 million in 2000. This decrease resulted from the lower prevailing market interest rates the Company paid in 2001 on its bank indebtedness and on the portion of its long-term debt which is not hedged.

Income tax expense, at $5.0 million, was $0.7 million higher than the 2000 amount. The increase in permanent differences between accounting income and income for tax purposes led to the 1.5% increase in the Company's effective income tax rate in 2001.

Net earnings available to shareholders were $9.8 million or $0.63 per diluted share in 2001, compared to $9.0 million or $0.58 per share in 2000. The number of weighted average basic common shares for 2001 was 260,000 less than in 2000 as a result of the Company's repurchase for cancellation of 793,000 shares in 2000.

FINANCIAL POSITION

The Company's working capital (current assets less current liabilities) remained in a deficit position of $1.8 million at the end of 2001. Current assets increased by $6.5 million as the Company increased its accounts receivable and inventory assets as a result of the insourcing of an additional 25% of the Stroh production volume in 2001. This insourcing was necessitated by the closure of the Company's U.S. contract producer. Current liabilities increased by $6.5 million, of which $4.6 million was in accounts payable due to the Stroh insourcing. Bank indebtedness increased by $6.2 million as a result of the Company's election to prepay $10 million of its long-term debt in the year.

Property, plant and equipment increased by $9.2 million (net of depreciation). As in 1999 and 2000, the Company spent heavily to increase the capacity and efficiency at its Vernon, British Columbia and Guelph, Ontario breweries. A significant portion of these capital expenses was incurred as a result of the above-noted closure of our U.S. contract producer's facility in the year. Based on the Company's current plans, capital expenditures in 2002 will be approximately $5 million.

Intangible assets decreased by $0.2 million. $3.4 million of amortization expense was partially offset by the $1.8 million of goodwill included in the purchase of all of the shares of the Company's principal Quebec distributor in the year and the $1.4 million of other intangible investments made in the year. These other intangible investments related to costs incurred in rescheduling the Company's bank debt in the year and costs incurred in developing new packaging for the Company's U.S. business, Shaftebury brand, Okanagan Springs brand and Sleeman brand.

LIQUIDITY AND CAPITAL RESOURCES

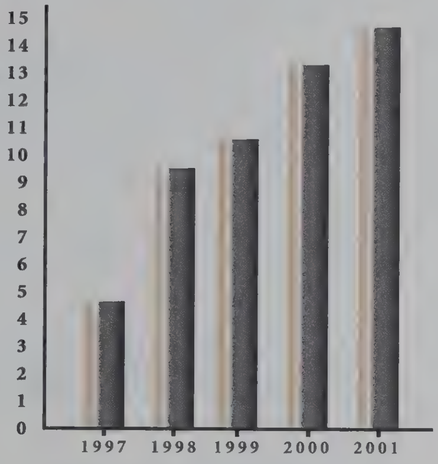
Long-term liabilities (including the current portion) decreased by $9.7 million in the year. The Company borrowed $9.3 million to fund fixed asset purchases in the year while repaying $19 million in the year. During the year, the Company rescheduled its long-term obligations such that the principal requirements required in the years 2002 and 2003 have decreased significantly.

Share capital increased by $0.8 million due to the exercise of stock options by employees and former employees in the year.

Cash flow from operating activities grew to $19 million from $12.4 million in 2000. This increase resulted principally from a $6.5 million reduction in working capital funding requirements.

Investing activities consumed $16.2 million in 2001 compared to $17.3 million in 2000. Executive loans consumed $4.8 million of the 2000 amount while no loans were advanced in 2001. $1.1 million more was spent on acquisitions in 2001, $0.6 million more was spent on intangible assets in the year and a net amount of $2.0 million more was spent on capital assets in the year.

Financing activities used $2.8 million in 2001. These activities generated $4.9 million in 2000. The Company repaid $19 million of its long-term loan facilities in the year, which more than offset the inflows from its operating loan ($6.2 million), stock option exercises ($0.8 million) and long-term loans ($9.3 million).



EARNINGS BEFORE TAX
(millions of dollars)
65% 5-year Compound Growth Rate

The Company ended the year with an operating line of credit balance of $16.1 million. The authorized operating credit line limit is currently $22 million. In 2002, the Company plans to use its operating cash flow to finance its purchases of capital and intangible assets and repay $8.4 million of long-term debt. The Company plans to use the remaining operating cash flow to reduce its operating line of credit balance.

RISKS AND UNCERTAINTIES

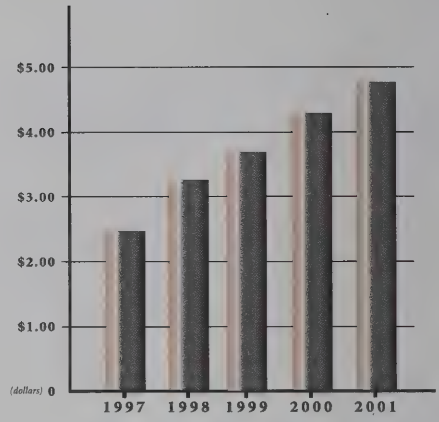
Management believes that the Company has the resources to continue to compete and, in fact, grow in each major Canadian beer market and continue to test market its products in the U.S. market. The Company is currently the largest premium brewer in Canada and thus leads this growing segment of the market, which represents 6% of total Canadian beer sales of some $7 billion. The Company is also a significant competitor in the value beer business as a result of the former Stroh brand license acquisition in 1999. Value beer sales represent approximately 20% of all beer sales in Canada. The Company's presence in these two growing segments of the beer market in both Eastern and Western Canada leaves it well positioned to compete effectively and profitably.

The Company considers its main competitors to be other participants in the Canadian brewing industry, which include imported beer and specialty and value brands brewed by both small regional brewers and the national brewers. The markets for beer sales in all Canadian provinces are increasingly competitive. Existing regional breweries and craft brewers are increasing their production capacities and marketing programs. National brewers are aggressively promoting their own specialty and value brands as well as premium import brands. At present, this can be seen most clearly in the Ontario premium beer market where significant sales and marketing activities of these national brewers are resulting in those brewers spending significant sums of money to gain market share. These activities resulted in marginally declining volumes for the Company in the Ontario premium beer market in 2001. The Company must compete effectively with these competitors to continue to grow volumes and profitability. As a result, the Company has committed to increase its sales and marketing spending in 2002.

The Company began selling Sleeman branded products in certain U.S. markets in 2001 on a test basis. The U.S. market is ten times the size of that of Canada and is very competitive. In 2002, the Company will continue to test market its products in select areas in order to minimize its financial risks. Successful results in the U.S. market would provide the Company with a significant opportunity to increase volumes and profitability in the future.

The Company brews a significant portion of its value brand products at a U.S.-based partner facility. The Company is subject to the risks of that partner encountering financial or operational difficulties.

Various permits, licenses and approvals necessary for the operation of the Company are required from various agencies, including the LCBO, the British Columbia Liquor Distribution Board, the SAQ (Société des Alcools du Québec) and Canada Customs and Revenue Agency-Excise. Management believes that the Company is currently in compliance with all license and permit terms and conditions, and that the Company has the necessary approvals for current operations.



NET BOOK VALUE PER SHARE (dollars)

The quarterly operating results of the Company vary considerably due to the seasonality of beer sales. The Company historically realizes higher sales during summer months. Its sales are partially weather dependent. Management expects this trend to continue in the future.

FINANCIAL INSTRUMENTS

The Company enters into contractual agreements involving financial instruments to hedge underlying exposures in foreign exchange, interest rate and commodity markets.

The Company purchases significant amounts of products from various U.S. suppliers for sale into Canada. These purchases are denominated in U.S. dollars. To hedge these U.S. dollar purchases, the Company periodically enters into foreign exchange forward contracts and foreign exchange collar agreements with large Canadian financial institutions. At December 29, 2001, the Company had no such contracts in place.

At December 29, 2001, the Company had entered into interest rate swaps, a cash settlement corrugating medium commodity swap and a cash settlement aluminium commodity swap with various large Canadian financial institutions with varying terms and conditions. A full summary of these contractual obligations is included in the notes to the audited financial statements.

OUTLOOK

Management continues to focus on improving the Company's operating and financial performance for 2002 and beyond.

Production of 85% of the Stroh volume in the Company's plants for the full year will allow the Company to generate purchasing and production efficiencies which will moderate cost of goods sold increases.

The Company has numerous sales and marketing initiatives planned to rejuvenate its premium brands in the competitive Ontario beer market. This is a very important market for the Company and significant management and financial resources will be deployed to ensure that the Company's premium beer sales resume their historical growth trends.

The continuing introduction of its products into the U.S. will provide the Company with an opportunity to reach more beer consumers than ever before. The limited scope of the introduction will ensure that the Company proceeds in a prudent and measured way.

The Company is well positioned to act as a production, sales, distribution and marketing partner for any number of international beverage alcohol brand owners looking to grow their North American sales. The expanding portfolio of premium imported brands the Company represents will allow the Company to profitably participate in the imported beer segment, the fastest growing segment of the North American beer market. The Company continues to pursue other premium import brands that would further complement its current stable of import and domestic premium beers. The Company is also pursuing production arrangements with international brewers looking for a quality production facility close to the United States which will allow those brewers to export their brands to the United States in a cost effective manner.

AUDITORS' REPORT

To the Shareholders of
Sleeman Breweries Ltd.

We have audited the consolidated balance sheets of Sleeman Breweries Ltd. (the "Company") as at December 29, 2001 and December 30, 2000 and the consolidated statements of earnings and retained earnings and cash flows for the fiscal years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 29, 2001 and December 30, 2000 and the results of its operations and its cash flows for the fiscal years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Guelph, Ontario

February 21, 2002

SLEEMAN BREWERIES LTD.
Consolidated Balance Sheets
(in thousands of dollars)

	December 29, 2001	December 30, 2000
ASSETS		
CURRENT		
Accounts receivable	**$ $24,030**	$ $22,010
Income taxes recoverable	-	226
Inventories (Note 4)	**19,296**	13,641
Prepaid expenses	**1,185**	2,122
	44,511	37,999
PROPERTY, PLANT AND EQUIPMENT (Note 5)	**67,569**	58,407
LONG-TERM INVESTMENTS (Note 6)	**8,090**	8,090
INTANGIBLE ASSETS (Note 7)	**77,472**	77,683
	$ 197,642	$ 182,179
LIABILITIES		
CURRENT		
Bank indebtedness (Note 8)	**$ 16,063**	$ 9,885
Accounts payable and accrued liabilities	**19,144**	14,547
Income taxes payable	**2,748**	-
Current portion of long-term debt (Note 9)	**8,360**	15,342
	46,315	39,774
LONG-TERM DEBT (Note 9)	**71,933**	74,645
FUTURE INCOME TAXES (Note 10)	**6,306**	5,206
	124,554	119,625
CONTINGENCY (Note 17)		
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 11)	**38,965**	38,196
RETAINED EARNINGS	**34,123**	24,358
	73,088	62,554
	$ 197,642	$ 182,179

APPROVED BY THE BOARD

Pierre Des Marais II, Director

John Withers, Director

SLEEMAN BREWERIES LTD.
Consolidated Statements of Earnings and Retained Earnings
(in thousands of dollars except per share amounts)

	Fiscal Year Ended **December 29, 2001**	December 30, 2000
NET REVENUE	**$ 143,637**	$ 134,439
COST OF GOODS SOLD	**75,937**	70,082
GROSS MARGIN	**67,700**	64,357
SELLING, GENERAL AND ADMINISTRATION	**39,248**	37,894
EARNINGS BEFORE THE UNDERNOTED	**28,452**	26,463
DEPRECIATION AND AMORTIZATION	**7,087**	6,371
INTEREST EXPENSE	**6,545**	6,773
EARNINGS BEFORE INCOME TAXES	**14,820**	13,319
INCOME TAXES (NOTES 2 g) and 10)	**5,055**	4,350
NET EARNINGS	**9,765**	8,969
RETAINED EARNINGS, BEGINNING OF YEAR	**24,358**	18,602
ADJUSTMENT RELATED TO SHARES REPURCHASED (NOTE 11)	**-**	(3,213)
RETAINED EARNINGS, END OF YEAR	**$ 34,123**	$ 24,358
EARNINGS PER SHARE		
BASIC (NOTES 2 h) and 13)	**$ 0.64**	$ 0.58
DILUTED (NOTES 2 h) and 13)	**$ 0.63**	$ 0.58

SLEEMAN BREWERIES LTD.
Consolidated Statements of Cash Flows
(in thousands of dollars)

	Fiscal Year Ended **December 29, 2001**	December 30, 2000
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net earnings	**$ 9,765**	$ 8,969
Items not affecting cash		
Depreciation and amortization	**7,087**	6,371
Future income taxes	**1,100**	3,100
Gain on disposal of equipment	**-**	(586)
	17,952	17,854
Changes in non-cash operating working capital items (Note 14)	**1,032**	(5,432)
	18,984	12,422
INVESTING		
Business acquisitions (Note 3)	**(2,179)**	(1,054)
Additions to property, plant and equipment	**(12,677)**	(11,433)
Additions to intangible assets	**(1,402)**	(846)
Additions to long term investments (Note 6)	**-**	(4,780)
Proceeds from disposal of equipment	**22**	807
	(16,236)	(17,306)
FINANCING		
Net proceeds from bank operating loans	**6,179**	1,438
Stock options exercised	**769**	-
Common shares repurchased (Note 11)	**-**	(5,168)
Long-term debt - proceeds	**9,343**	15,280
Long-term debt - principal repayments	**(19,039)**	(6,666)
	(2,748)	4,884
NET CASH FLOW AND CASH BALANCE, END OF YEAR	**-**	-
Supplemental disclosures of cash flows:		
Interest paid	**$ 6,620**	$6,663
Income taxes paid, net of cash refunds of $898 (2000 -$225)	**$ 1,016**	$858

SLEEMAN BREWERIES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of dollars except per share amounts)
December 29, 2001

1. DESCRIPTION OF BUSINESS

The Company develops, produces, imports, markets and distributes beer for sale to provincial liquor distribution organizations and entities engaged in the food and beverage industries within Canada.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following policies:

a) Basis of consolidation

The consolidated financial statements include the accounts of Sleeman Breweries Ltd. and all its subsidiary companies. All significant inter-company transactions have been eliminated.

b) Inventories

Raw materials, work-in-process and finished goods are valued at the lower of cost and net realizable value. Returnable containers are recorded at cost net of deposit liability and are amortized over their useful lives.

c) Property, plant and equipment

Property, plant and equipment are recorded at cost. Depreciation generally is calculated using the diminishing-balance method at the following rates:

Plant	5%
Machinery and equipment	5% to 50%
Office equipment	20%
Leasehold improvements	Straight-line over the lease term, normally one to five years

d) Long-term investments

Long-term investments include a minority interest investment recorded at cost, less a provision for any permanent decline in value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Intangible assets

Intangible assets are recorded at cost and are amortized on a straight-line basis over the following periods:

Trademarks, brands and licenses	10 to 30 years
Deferred charges	2 to 5 years
Goodwill	30 years

Management assesses the carrying values of intangible assets on a periodic basis for possible impairment. Management has determined that no permanent impairment in the carrying values of intangible assets exists based on the projected future income streams of the related businesses or assets acquired.

f) Revenue recognition

Revenue is recognized upon delivery of product to the customer.

g) Income taxes

The company uses the liability method of tax allocation in accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, and measured using substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse

h) Earnings per share

Basic and diluted earnings per share have been computed using the weighted-average number of shares of common shares outstanding during each period. Diluted earnings per share amounts reflect the effect of potentially dilutive securities, including stock options, when dilutive, under the treasury stock method.

i) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ materially from those estimates and assumptions.

j) Fiscal year end

The Company has a floating fiscal year end which ends on the last Saturday of each calendar year.

3. ACQUISITIONS

Fiscal year ended December 29, 2001

Effective November 30, 2001, the Company completed the acquisition of all of the shares of Northern Goose Brewing Company Limited, the principal distributor of the Company's products in the province of Quebec. In exchange, the Company paid cash of $2,137 which included acquisition costs and assumed $42 of bank indebtedness. The purchase price may increase or decrease as a result of post closing adjustments to be determined on or about May 31, 2002.

The net assets acquired, using the purchase method of accounting, were as follows:

Cash paid and bank indebtness assumed	$ 2,179
Assigned to the fair value of net assets acquired:	
Current assets	955
Property, plant and equipment	175
Intangible assets	1,805
Current liabilities	(756)
	$ 2,179

Fiscal year ended December 30, 2000

On September 28, 2000, the Company completed the acquisition of all of the operating assets of the Maritime Beer Company. In exchange, the Company paid cash of $1,054 which included acquisition costs, issued 107,613 shares with a fair market value of $675 and assumed a vendor take-back loan with a value of $150 (see Note 9 (vi)). The net assets acquired, using the purchase method of accounting, were as follows:

Cash paid, shares issued and vendor take-back loan	$ 1,879
Assigned to the fair value of net assets acquired:	
Current assets	375
Property, plant and equipment	1,650
Intangible assets	25
Current liabilities	(171)
	$ 1,879

4. INVENTORIES

	December 29, 2001	December 30, 2000
Finished goods and work-in-progress	**$ 10,145**	$ 7,887
Raw materials	**1,646**	1,394
Returnable containers, net of deposit liabilites	**7,505**	4,360
	$ 19,296	$ 13,641

5. PROPERTY, PLANT AND EQUIPMENT

	December 29, 2001	December 30, 2000
Cost:		
Land	$ 1,821	$ 1,782
Plant	17,040	15,445
Capital projects in process	479	594
Machinery and equipment	63,649	52,868
Office equipment	3,141	2,309
Leasehold improvements	508	471
	86,638	73,469
Accumlated depreciation:		
Plant	4,158	3,515
Machinery and equipment	12,067	9,537
Office equipment	2,402	1,639
Leasehold improvemnts	442	371
	19,069	15,062
	67,569	58,407

Depreciation on property, plant and equipment totalled $3,667 (2000 - $3,052).

6. LONG-TERM INVESTMENTS

	December 29, 2001	December 30, 2000
Minority investment	$ 3,310	$ 3,310
Loans to executives	4,780	4,780
	8,090	8,090

During the year ended December 30, 2000, the Company entered into loan agreements with certain senior executives to enable the executives to purchase shares of the Company on the open market. These loans have principal amounts totalling $4,780, bear interest at 6% per annum and are repayable in full including all accrued interest at the earliest of: (i) five years from the date of the loan advance; (ii) the date of the sale of the shares by the executive(s); and (iii) the date the executive ceases employment with the Company. The Company has a first security position over the shares purchased and personal guarantees from each of the borrowers. At December 29, 2001, $306 of accrued interest was owing to the Company by the executives and the market value of the shares purchased was $6,982.

7. INTANGIBLE ASSETS

	December 29, 2001	December 30, 2000
Goodwill	$ 39,429	$ 39,076
Trademarks, brands and licenses	36,329	37,666
Deferred charges	1,714	941
	$ 77,472	$ 77,683

Amortization of intangible assets totalled $3,419 (2000 - $3,319). Deferred charges include deferred financing costs and deferred packaging costs.

8. BANK INDEBTEDNESS

At December 29, 2001, the Company had utilized $16,063 of an authorized operating line of credit of $22,000 (2000 - the Company had utilized $9,885 of an authorized operating line of credit of $18,000) provided by a Canadian chartered bank. The line of credit bears interest at prime and is secured under the same terms as described in Note 9. At December 29, 2001, the bank's prime rate was 4% (December 30, 2000 - 7 1/2%).

9. LONG-TERM DEBT

	December 29, 2001	December 30, 2000
(i) Revolving term loan provided by a Canadian chartered bank; authorized amounts total $27,417 (2000 - $34,379 non revolving); maturity date of July 31, 2007 with interest payable monthly. Interest rate of prime plus 0.5%. Principal payments of $4,500 are payable July 31 and September 30 of each year starting in 2004.	**$ 14,582**	$ 34,379
(ii) Non-revolving reducing term loan provided by a Canadian chartered bank, authorized amount of $56,500 maturing December 31, 2005. Interest is payable monthly at prime plus 1/4%. Quarterly principal payments of $1,250 are payable in 2002 increasing each year to $3,190 in 2005 (see Note 18 "Interest rate risk").	**52,960**	52,000
(iii) Shaftebury Vendor Take Back Loan - The non-interest bearing loan is repayable in quarterly payments of $438 from March 31, 1999 to December 31, 2002. Interest is imputed using a discount rate of 7.35%.	**1,511**	3,458
(iv) Term loan provided by a Canadian chartered bank; authorized amount of $10,166; maturity date of November 2004. Interest rate of 6.19%. Monthly principal payments of $266 (2000 - $266) are to be made during the six months beginning April of each year.	**9,100**	-
(v) Term loan provided by a Canadian chartered bank; authorized amount of $2,196; maturity date of November 2004. Interest rate of 6.85%. Monthly principal payments of $41 (2000 - $410) are to be made during the six months beginning April of each year.	**1,990**	-
(iv) Maritime Vendor Take Back Loan-Non-interest bearing loan repayable on April 1, 2004. The amount payable may increase if certain volume objectives are met at the production facility in the 2003 fiscal year.	**150**	150
	80,293	89,987
Less amount due within one fiscal year	**8,360**	15,342
	$ 71,933	$ 74,645

Security provided to two Canadian chartered banks on a pro rata basis is comprised of a general assignment of book debts; a security agreement over all inventories; a general security agreement over all present and future personal property; and collateral mortgages on land and buildings in Guelph, Ontario and Vernon, British Columbia.

Interest charges on long-term obligations during the period totalled $6,116 (2000 - $5,824). The debt facilities are subject to certain financial covenants. The Company complied with all covenants at December 29, 2001. During the year, the Company made an optional payment of $10,000 on its long term revolving loan.

Principal payments required during the next five fiscal years are as follows:

2002	$ 8,360
2003	8,550
2004	25,041
2005	20,842
2006	17,500
	$ 80,293

10. INCOME TAXES

The components of the provision for income taxes are as follows:

	Fiscal year ended	
	December 29, 2001	December 30, 2000
Current income taxes	**$ 3,955**	$ 1,250
Future incomes taxes	**1,100**	3,100
	$ 5,055	$ 4,350

The components of future tax assets and liabilities are as follows:

	Fiscal year ended	
	December 29, 2001	December 30, 2000
Future income tax asset:		
Accumulated tax losses available for carry-forward	**$ 1,828**	$ 1,274
Future incomes tax liabilites:		
Difference between tax and accounting basis of property, plant and equipment	**8,239**	6,420
Other	**(105)**	60
	8,134	6,480
Net future tax liability	**$ 6,306**	$ 5,206

The provision for income taxes differs from the provision amount calculated at combined statutory federal and provincial tax rates for the following reasons:

	Fiscal year ended	
	December 29, 2001	December 30, 2000
Combined statutory federal and provincial tax rate	**40.6%**	42.7%
Provision of income taxes at the statutory rate	**$ 6,022**	$ 5,687
Manufacturing and processing deduction	**(637)**	(885)
Large Corporations tax	**188**	300
Permanent differences between accounting income and income for tax purposes	**774**	500
Effects of substantively enacted tax rates changes	**(908)**	(602)
Other adjustments	**(384)**	(650)
	$ 5,055	$ 4,350

At December 29, 2001, the Company had approximately $5,506 (December 30, 2000 - $3,440) in losses carried forward, which are available for deduction against taxable income of future years. The benefit of this item has been fully recorded in these financial statements.

11.SHARE CAPITAL

	2001	2000
Common shares	**$ 38,965**	$ 38,196

The authorized share capital of the Company consists of an unlimited number of common shares. At December 29, 2001, there were 15,296,872 (December 30, 2000 - 15,167,422) shares outstanding. During the year 129,450 options were exercised ($768,895).

On September 28, 2000, the Company issued 107,613 common shares with a fair value of $675,000 to the vendors of Maritime Beer Company (see Note 3).

On December 7, 1999, the Company announced its intention to make a Normal Course Issue Bid through the facilities of the Toronto Stock Exchange to purchase up to 792,621 of its issued and outstanding common shares over a twelve-month period. All common shares purchased by the Company in connection with the bid were cancelled. At December 30, 2000, the Company had purchased the maximum number of shares permitted under the Normal Course Issuer Bid for total cash consideration of $5,217 ($5,168 of this amount was paid in the year ended December 31, 2000). During the year ended December 30, 2000 an amount of $3,213 was charged to retained earnings which reflected the excess of total cash payments over the average paid-in value of the shares repurchased.

12.STOCK OPTION PLAN

The Company maintains a discretionary employee stock option plan. Under the terms of the plan, the board of directors determines stock option allocations to employees. Stock options generally have a term of five to ten years and each grant typically vests one-third per year over the following three years.

A summary of the status of the Company's stock option plan as of December 29, 2001 and December 30, 2000 and changes during the years then ended is as follows:

	2001		2000	
	Units	Weighted Average Exercise Price	Units	Weighted Average Exercise Price
Outstanding, at beginning of year	1,579,118	$ 7.24	1,549,327	$ 7.21
Granted	232,335	$ 8.56	67,200	$ 7.80
Exercised	(129,450)	$ 5.94	-	$ -
Forfeited	(61,459)	$ 7.74	(37,409)	$ 7.26
Outstanding, at end of year	1,620,544	$ 7.46	1,579,118	$ 7.24

A summary of the options issued and exercisable as at December 29, 2001 is as follows:

	Options outstanding			Options Exercisable	
Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$5.00	125,000	3.49 years	$5.00	125,000	$5.00
$7.00	432,592	4.77 years	$7.00	432,592	$7.00
$7.75	625,550	5.83 years	$7.75	595,867	$7.75
$7.80	387,402	3.51 years	$7.80	119,995	$7.80
$11.35	50,000	4.67 years	$11.35	-	$11.35
	1,620,544			1,273,454	

13. EARNINGS PER SHARE

	Fiscal year ended	
	December 29, 2001	December 30, 2000
Numerator for basic and diluted earnings per share:		
Earnings available to common shareholders	**$ 9,765**	$ 8,969
Denominator for basic earnings per share:		
Weighted average shares outstanding	**15,223,139**	15,518,841

Denominator for diluted earnings		
per share:		
Weighted average shares outstanding	**15,223,139**	15,518,841
Dilutive stock options	**275,939**	35,786
	15,499,078	15,554,627

Net earnings per share		
Basic	**$ 0.64**	$ 0.58
Diluted	**$ 0.63**	$ 0.58

14.CHANGES IN NON-CASH OPERATING WORKING CAPITAL COMPONENTS

	2001	2000
Accounts receivable	**$ (1,388)**	$ (4,455)
Inventories	**(5,420)**	946
Prepaid expenses	**1,026**	(378
Accounts payable and accrued liabilities	**3,866**	(1,939)
Income taxes	**2,948**	394
	$ 1,032	$ (5,432)

15.LEASE COMMITMENTS

The Company rents premises, trucks, phones and computers under various lease agreements. Minimum payments exclusive of realty taxes and other occupancy charges for the next five fiscal years are as follows:

2002	**$ 2,195**
2003	**1,679**
2004	**1,226**
2005	**715**
2006	**201**
	$ 6,016

16.SEGMENTED INFORMATION

Sleeman Breweries Ltd. is the third largest brewery in Canada, producing and marketing several unique brands of beer. The Company operates breweries in Guelph, Ontario, Boucherville, Quebec, Calgary, Alberta, Halifax, Nova Scotia and Vernon, British Columbia. The Company's reportable segments represent the aggregation of strategic business units that produce and sell beer in distinct geographic markets. They are managed separately because each business operates in different market environments in terms of regulatory regimes, customer preferences and sales and distribution channels.

The Company has two reportable segments: Eastern Canadian operations and Western Canadian operations. The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

The Company accounts for inter-segment sales and transfers at the transferring segment's cost. Segment performance is evaluated based on earnings before interest, income taxes, depreciation and amortization ("EBITDA").

The following tables sets forth information about segment profit or loss and segment assets:

	Eastern Canada	Western Canada	Totals
2001			
Revenues from external customers [a]	$ 95,317	$ 48,320	$ 143,637
Inter-segment revenues	5,091	20	5,111
EBITDA	19,842	8,610	28,452
Depreciation and Amortization	4,517	2,570	7,087
Segment assets [b]	132,910	64,732	197,642
Expenditures for capital assets	9,151	3,700	12,851
2000			
Revenues from external customers [a]	$ 90,501	$ 43,938	$ 134,439
Inter-segment revenues	6,391	333	6,724
EBITDA	18,421	8,042	26,463
Depreciation and amortization	3,813	2,558	6,371
Segment assets [b]	120,849	61,104	181,953
Expenditures for capital assets	10,644	2,439	13,083

(a) The Eastern Canada segment generated foreign revenues of $332 (2000 - $97). In 2001, one significant customer accounted for 37% (2000 - 38%) of revenue; another significant customer accounted for 16% (2000 - 16%) of revenue.

(b) Substantially all of the Company's assets are located in Canada.

17. CONTINGENCY

In October 2001, the Company submitted a claim under the protocols prescribed by the International Chamber of Commerce for arbitration proceedings. The claim of US$4.4 million was submitted to recover monetary damages suffered by the Company as a result of the Company's US-based contract brewer (the "Respondent") breaching the contract brewing arrangement between the parties in 2001. As part of this process, the Respondent submitted a counterclaim against the Company in the amount of US$0.6 million. The Company intends to vigorously substantiate the merits of its claim.

The outcome of such proceedings and the potential recovery of monetary damages cannot be reliably estimated.
As such, no material amounts related to this recovery claim are included in these financial statements.
The Company expects to resolve this matter in late 2002 or early 2003.

18. FINANCIAL INSTRUMENTS

Fair value

At December 29, 2001 and December 30, 2000, the estimated fair market value of accounts receivable, accounts payable and bank indebtedness was equal to the book value given the short-term maturities of the items.

Long-term investments include a minority interest investment. Management has reviewed the carrying value and determined that a permanent impairment in the value of the long-term investment does not exist.

The estimated fair value of long-term debt approximates the book value as substantially all the debt bears interest at market rates as at December 29, 2001.

Credit risk

At December 29, 2001, accounts receivable included approximately $8,147 (2000- $7,602) due from four customers (2000 - four customers), representing 34% (2000 - 35%) of the trade receivable balance. The Company is not exposed to significant credit risk relating to the remaining accounts receivable given the relative size of individual customer amounts due to the Company. At December 30, 2000, the Company also had a net receivable totalling $1,429 from a supplier of imported beer.

Foreign exchange risk

At December 29, 2001 and December 30, 2000, the amounts included in accounts receivable and accounts payable due in foreign currencies were not significant. Substantially all the Company's revenues are denominated in Canadian dollars. The Company periodically enters into foreign exchange contracts and foreign exchange collar agreements to manage risks associated with fluctuations in foreign currency exchange rates for significant expenditures payable in US dollars. No such contracts existed at December 29, 2001.

Interest rate risk

Approximately one third of the Company's long-term debt effectively bears interest at variable rates, after taking into account the effect of interest rate swaps. Consequently, the Company is exposed to interest rate risk associated with these obligations. The Company periodically enters into interest rate swap agreements to manage risks associated with fluctuations in interest rates:

i) At December 29, 2001, the Company was party to interest rate swaps with a Canadian bank on notional principal amounts of $13,650 maturing December 1, 2003 and $13,650 maturing on December 1, 2004. The first interest rate swap fixes the Company's interest rate for the term of the agreement effectively at 6.89% while the second interest rate swap fixes the Company's interest rate for the term of the agreement at 7.00%. The notional amounts of the two swap agreements do not materially reduce for the term of each agreement. At December 29, 2001, the fair value of the above interest rate swaps was ($1,555).

ii) At December 29, 2001, The Company was party to three interest rate swaps with another Canadian bank. The details of these contracts are as follows:

Swap Facility	Start Date/ End Date	Notional Principal Amount	Fixed Rate to be Paid	Details of Notional Principal Reductions
1	July 4/00 June 1/05	$5,000	6.98%	None for duration of contract
2	Dec 21/00 Dec 23/02	$10,000	5.7%	$2,000 Apr 22/02 $2,000 July 22/02 $1,000 Sept 23/02
3	May 22/01 Dec 21/05	$11,000	5.94%	None for duration of contract

Cash settlements on the above fixed rate swaps occur monthly and are calculated based on rolling 30-day Bankers' Acceptance rates. At December 29, 2001, the fair value of the interest rate swaps was ($1,690).

Use of other derivative instruments

On December 29, 2001, the Company was party to a cash settlement commodity swap for corrugating medium with a large Canadian bank. The Company entered into this transaction to fix the underlying raw material cost of its carton packaging costs. The contract is effective from February 1, 2000 and expires January 31, 2002. Each month during the term of the contract, the Company is obligated to pay US$418 per short ton and will receive the market price per short ton based on a notional quantity of 1,250 short tons per month (30,000 short tons in total). The agreement provides for a right of off-set with the party owing the higher amount for any given month required to cash settle the difference. On December 29, 2001, the fair value of the commodity swap was ($104).

On December 29, 2001, the Company was party to a cash settlement commodity swap for aluminum with a large Canadian bank. The Company entered into this transaction to fix the underlying raw material cost of its aluminium can costs. The contract is effective from February 1, 2001 and expires December 31, 2003. Each month during the first 11 months of the contract, the Company is obligated to pay US$1,635 per tonne and will receive the market price per tonne based on varying notional quantities (246 tonnes in total). For the second and third years of the contract, the Company is obligated to pay US$1,592 per tonne for 532 tonnes and US$1,564 per tonne for 560 tonnes, respectively. The agreement provides for a right of off-set with the party owing the higher amount for any given month required to cash settle the difference. On December 29, 2001, the fair value of the commodity swap was ($327).

The Company is the named beneficiary of $4,000 (2000 - $4,000) from life insurance policies on the lives of certain executives.

19. SUBSEQUENT EVENT

Subsequent to the fiscal year end in January 2002, $1,002 of executive loans was repaid along with the related accrued interest of $64.

20. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.

FIVE YEAR SUMMARY *(in thousands of dollars except EPS & Ratios)*

	2001	2000	1999	1998	1997
Income Statement					
Net Revenue	143,637	134,439*	96,110	76,023	54,061
EBITDA	28,453	26,463	19,546	15,146	9,318
EBIT	21,366	20,092	14,627	11,449	6,183
Earnings before Tax	14,821	13,319	10,869	9,337	4,741
Net Income	9,766	8,969	6,549	6,755	3,830
EPS (diluted)	0.63	0.58	0.41	0.43	0.28
Balance Sheet					
Total Assets	197,642	182,179	166,171	105,655	71,258
Equipment & Leaseholds	67,569	58,407	48,596	41,865	33,365
Long-term Debt	80293	89,987	81,223	34,210	22,977
Shareholders' Equity	73,088	62,554	58,078	51,415	32,461
Working Capital	(1,804)	(1,775)	2,670	(1,201)	1,151
Ratios					
Current Ratio	1.0	1.0	1.1	1.0	1.1
Long-term Debt to Equity	1.1	1.4	1.4	0.7	0.7
HL's (Proforma fro 2000)	1,029,000	998,000	539,000	420,000	318,000
NBV per share	4.78	4.12	3.67	3.28	2.43

* Note: 2000 amount has been restated

SUMMARY OF QUARTERLY INFORMATION FOR THE LAST EIGHT QUARTERS

	2001				2000			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net Revenue	$27,182	$41,154	$39,484	$35,817	$23,790	$36,582	$39,613	$34,454
S,G&A Expenses	$7,315	$10,628	$11,681	$9,624	$6,784	$10,528	$10,448	$10,133
EBITDA	$5,548	$8,563	$7,457	$6,882	$4,560	$7,682	$8,263	$5,962
Net Income	$1,490	$3,492	$2,598	$2,183	$1,044	$2,931	$3,178	$1,819
EPS (Diluted)	$0.10	$0.23	$0.17	$0.14	$0.07	$0.19	$0.21	$0.12

* Note: Certain amounts have been reclassified to conform to the 2001 audited financial statements. Differences from annual audited figures are due to rounding.

OFFICERS & DIRECTORS

CORPORATE OFFICERS

John Sleeman
Chairman & Chief Executive Officer

Rick Knudson
Managing Director, Western Canada

Peter Amirault
Managing Director, Eastern Canada

Dan Rogozynski
Vice President, Finance & Administration

BOARD OF DIRECTORS

John Sleeman- Chairman & CEO, Sleeman Breweries Ltd.
The great-great grandson of the original Sleeman brewmaster, John revived the family business by reincorporating Sleeman Brewing & Malting Co. Ltd. in 1985.

Allan Brash - Brewing Consultant, Sleeman Breweries Ltd.
A brewer since 1956, Al joined Sleeman in 1987 after several years with Labatt Brewing where he held a number of posts including Director of International Production.

Ken Hallat - Chairman & CEO, Novas Capital Corporation ✤★
Ken is Chairman & CEO of a private venture capital company, Novas Capital Corporation. In addition, he is Chairman of the M-Chem Group of Companies, which manufactures and markets industrial cleaners and ancillary products for the North American market.

Richard Scott - Partner, Fraser Milner Casgrain LLP, Barristers and Solicitors ✦
During his 15 years with a leading law firm, Richard has practised extensively in the areas of corporate and commercial law, mergers and acquisitions and securities law.

John Withers - Private Investor ✤★
A private investor in a number of business ventures, John served as the Executive Vice-President and CFO of Allied Strategies prior to its merger with Sleeman Brewing & Malting Co. Ltd.

Pierre Des Marais II - President, Gestion PDM Inc. ✤✦★
A past Chairman, President and CEO of Carling O'Keefe Limited, Pierre has many years of outstanding business experience. He currently sits on the Board of Directors of a number of major corporations.

Ed Provost - President, Prevost & Associates Inc. ✦
Ed currently provides corporate services to various public and private companies. He is the Canadian associate of Einhorn Associates Inc. (a U.S.-based mergers and acquisitions company), and the President of Prevost & Associates Inc. (a strategic planning and family succession company), since 1998. Earlier, Ed was the President and Chief Executive Officer of La Brasserie O'Keefe Limitèe and the senior Vice-President of Carling O'Keefe Breweries Ltd.

✤ Member of the Audit Committee - ✦ Member of the Corporate Governance Committee - ★ Member of the Compensation Committee

CORPORATE GOVERNANCE

In February of 1995, the Toronto Stock Exchange (TSE) Committee on Corporate Governance in Canada issued a series of Guidelines for effective corporate governance. With reference to these Guidelines, the Corporation is pleased to make the following disclosure regarding its corporate governance practices.

BOARD COMPOSITION AND RESPONSIBILITIES

The board of directors currently consists of seven directors, a majority of which qualify as "unrelated" directors. The three "related" board members are Messrs. John Sleeman and Allan Brash, by virtue of their employment by the Corporation and Mr. Richard Scott, a partner of Fraser Milner Casgrain LLP, the Corporation's legal counsel. The Board believes that the majority of independent, "unrelated" directors ensures effective decision making and provides objective advice and counsel to management.

The Board supervises the management of the business and affairs of the Corporation. In fulfilling its mandate, the board is responsible for strategic planning, identification of principal risks and management of these risks, succession planning and monitoring of senior management, communications policy and integrity of the Corporation's internal controls and management information systems.

BOARD COMMITTEES

The Board of Directors has three committees: the Audit Committee, the Corporate Governance Committee and the Compensation Committee. Each committee has a mandate outlining its responsibilities and obligations. In accordance with the TSE Guidelines, the Audit Committee and the Compensation Committee are composed exclusively of "unrelated" directors.

The Audit Committee is responsible for the identification and management of risks, compliance with legal and regulatory requirements, the integrity of internal financial reporting and auditing according to generally accepted accounting principles, the accuracy and completeness of all legal disclosure documents, and the integrity of the external audit.

The Compensation Committee is responsible for setting and reviewing the compensation paid to the Corporation's executive officers and directors and for selecting and administering the Corporation's short and long-term incentive plans for such executive officers. The committee also reviews and recommends to the board a plan of succession for the Corporation's senior management.

The Corporate Governance Committee is responsible for preparing the Corporation's response to the TSE Report and for monitoring and assessing the corporate governance system in place for the Corporation, the effectiveness of the Corporation's board of directors, its committees, the board's relationship to management and the individual performance and contribution of its directors. The committee reviews on an ongoing basis the constitution and size of the board and its committees with a view to making recommendations to the board as to any appropriate changes in the constitution or size to ensure their continued effectiveness.

For a complete description of the Corporation's system of corporate governance with specific reference to the TSE Guidelines, please consult our annual Management Information Circular.

CORPORATE VALUES

Though our business may change from year to year, Sleeman is committed to a set of core values that guide our actions in all aspects of day-to-day business. These include:

1. An unwavering commitment to quality and excellence in everything we do;
2. Honesty, integrity and ethics;
3. Personal development and empowerment;
4. Innovative entrepreneurial abilities, actions and spirit;
5. Treating people with fairness and respect and as a partner in the enterprise;
6. A healthy work/home life balance;
7. Passion and loyalty; and
8. Open communication and teamwork.

In addition, Sleeman recognizes the importance of community and its public responsibilities. In the past year, Sleeman has supported, among others, the following community and educational endeavours on an on-going basis:

- The University of Guelph
- The Guelph General Hospital
- The Oakville-Trafalgar Memorial Hospital
- The Duke of Edinburgh's Foundation
- The Upper Canada - 2001 Writers' Craft Award
- The Toronto International Film Festival

CORPORATE AND INVESTOR INFORMATION

CORPORATE OFFICE

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551 Clair Road West
Guelph, Ontario
N1L 1E9
Tel: 1-800-BOTTLES
Fax: 519-822-0430

INDEPENDENT AUDITOR

Deloitte & Touche LLP, Guelph

GENERAL COUNSEL

Fraser Milner Casgrain LLP, Toronto

STOCK TRADING SYMBOL

Toronto Stock Exchange - ALE

INVESTOR RELATIONS CONTACT

Dan Rogozynski, Vice President, Finance & Administration
Sleeman Breweries Ltd.
Tel: 519-826-5494
Fax: 519-822-2850
Email: sleemanir@sleeman.ca
IR Website: www.ale-sleeman.com

TRANSFER AGENT & REGISTRAR

Computershare Trust Company
100 University Avenue
8th Floor
Toronto, Ontario
M5J 2Y1
Tel: 416-981-9500

ANNUAL MEETING

The Annual Meeting of Shareholders will be held at:
The Albany Club of Toronto
91 King Street, East
Toronto, Ontario
On Wednesday, May 15, 2002 at 4:00 p.m. (EDT)

Sleeman aims to be a fast growing, innovative, world class, North American beverage alcohol company.

SLEEMAN BREWERIES LTD.
551 Clair Road West
Guelph, Ontario N1L 1E9
Tel: 1-800-BOTTLES Fax: 519-822-0430
www.ale-sleeman.com